



Large-Scale Land Based Investments, Globally and in Africa

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Cirad / University of Pretoria

AFMA conference

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Outline

- 1) **Large-scale land based investments globally and in Africa – State and features**
Quantitative, based on the Land Matrix and other available data

- 2) **Implications, trends, practices...**
Qualitative, based on the main literature

**Large-scale land based
investments,
globally and in Africa
– State and features**

LSLBI globally

	# deals	ha intended	ha under contract
Oral agreement	66	3.7	1.1
Contract signed	804	50.8	30.6
concluded deals	870	54.5	31.8
Expression of interest	42	5.5	n.a.
Under negotiation	144	9.1	n.a.
Intended deals	186	14.6	n.a.
Negotiations failed	50	5.3	n.a.
Contract cancelled	24	1.6	1.5
Failed deals	74	6.9	1.5

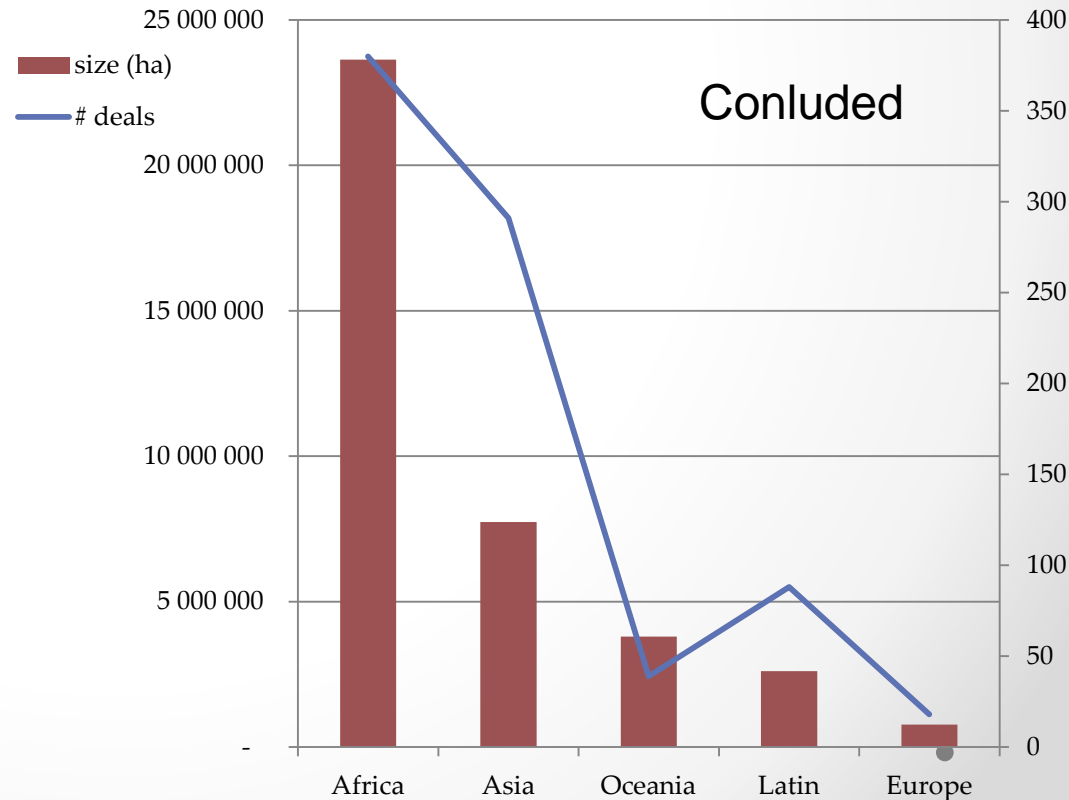
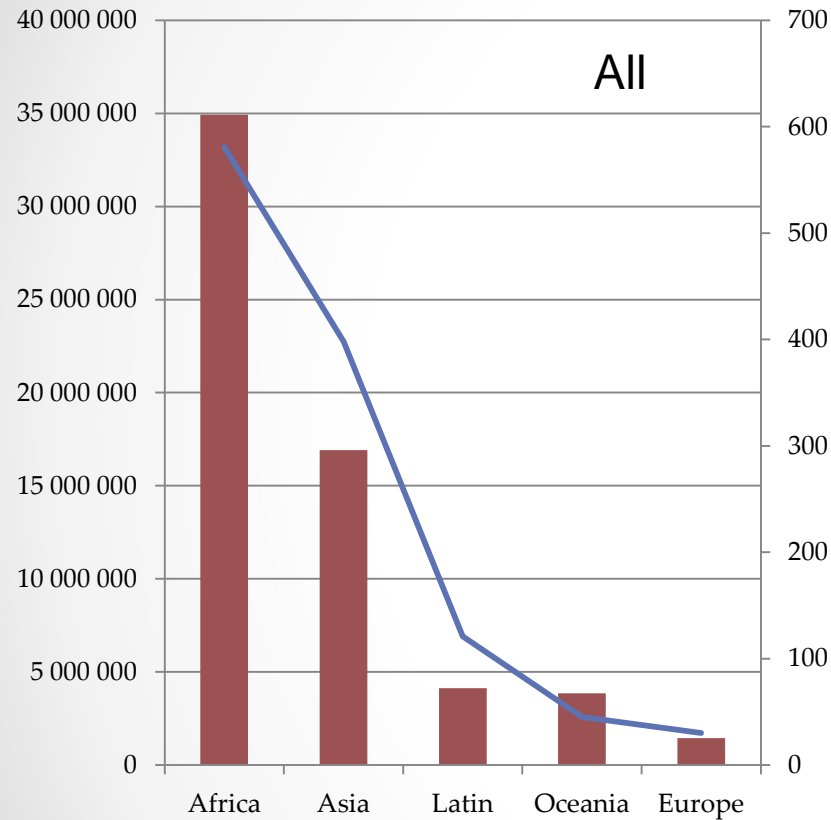
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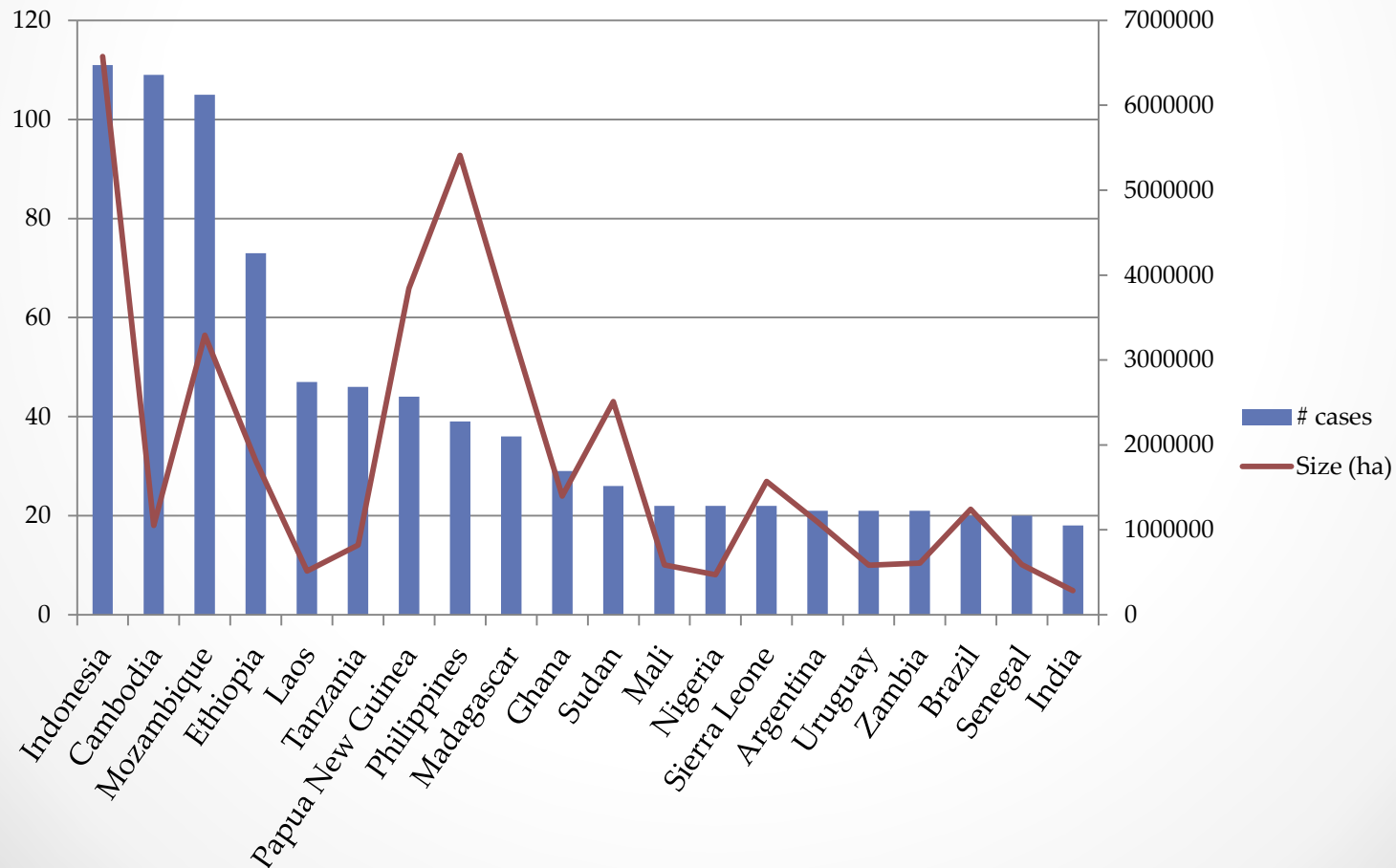
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African countries are among the most focused on in the world

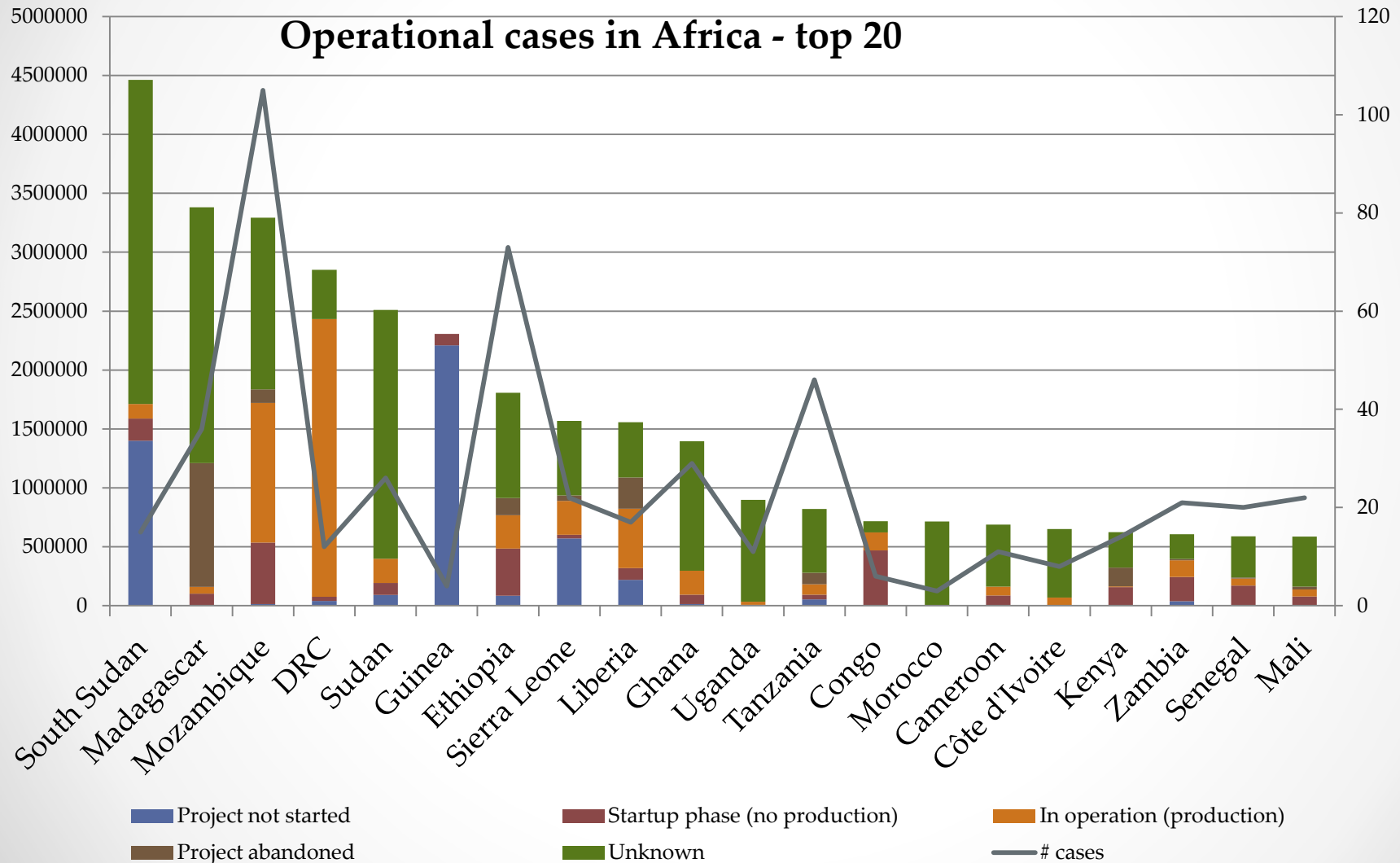


African countries are among the most focused on

- Important concentration – top 20 countries, 74% deals, 80% size
- Top 20 – 9 African countries

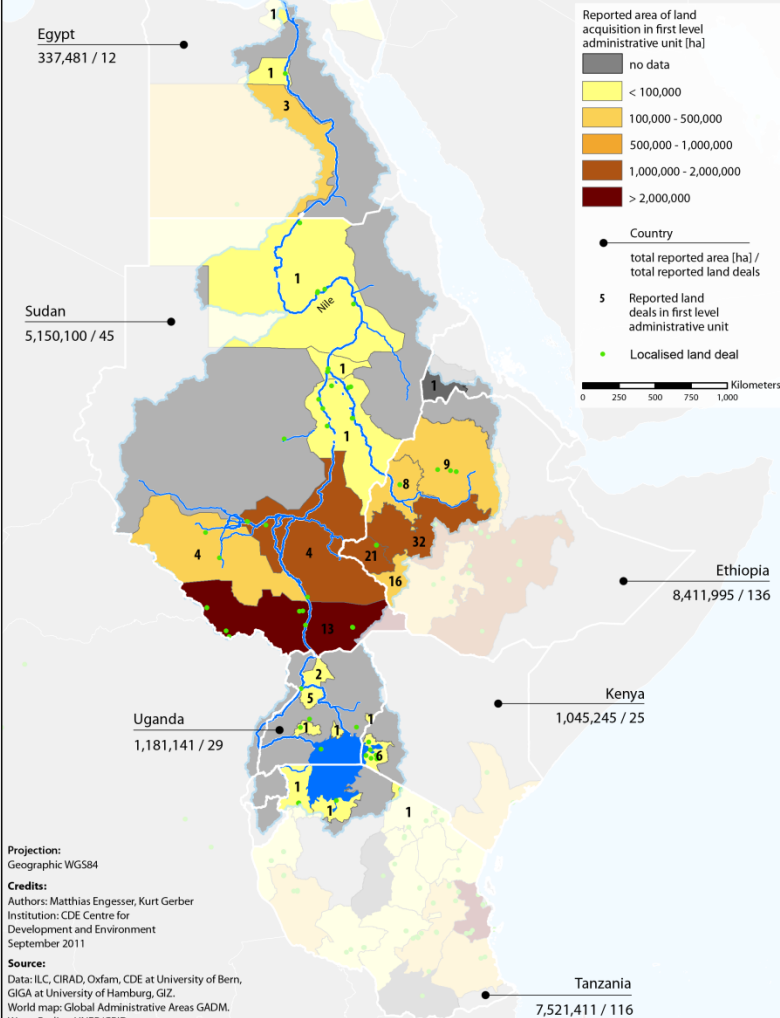


African countries – in particular east African ones - are among the most focused on

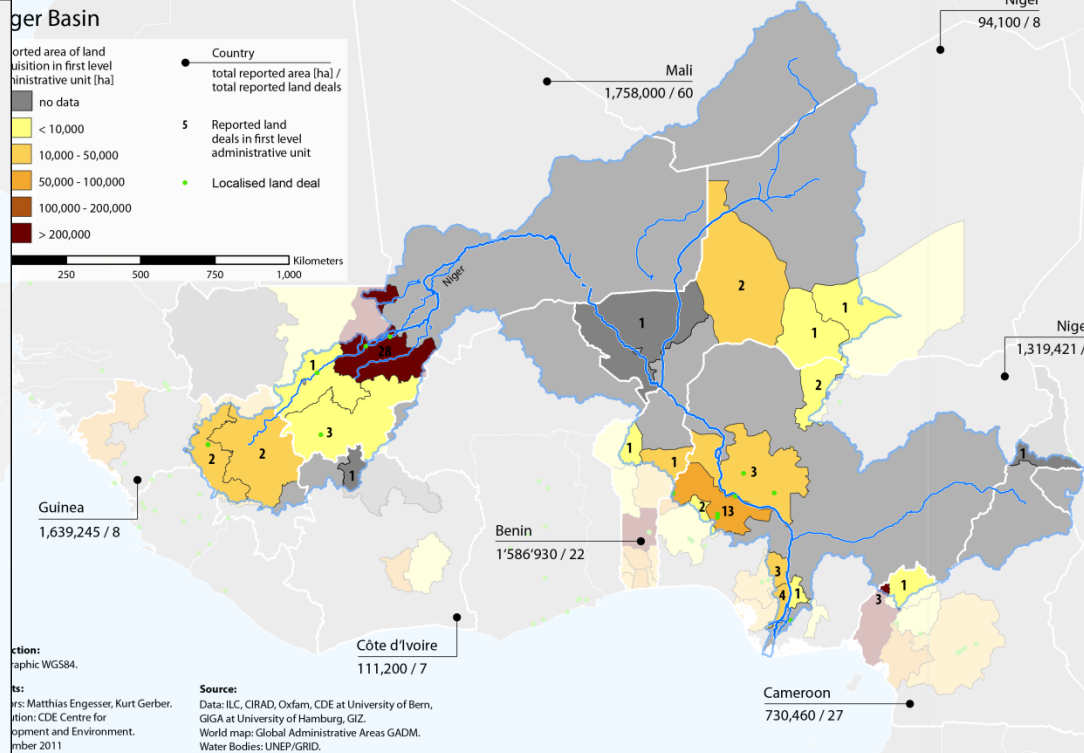


Concentration of LSLBI

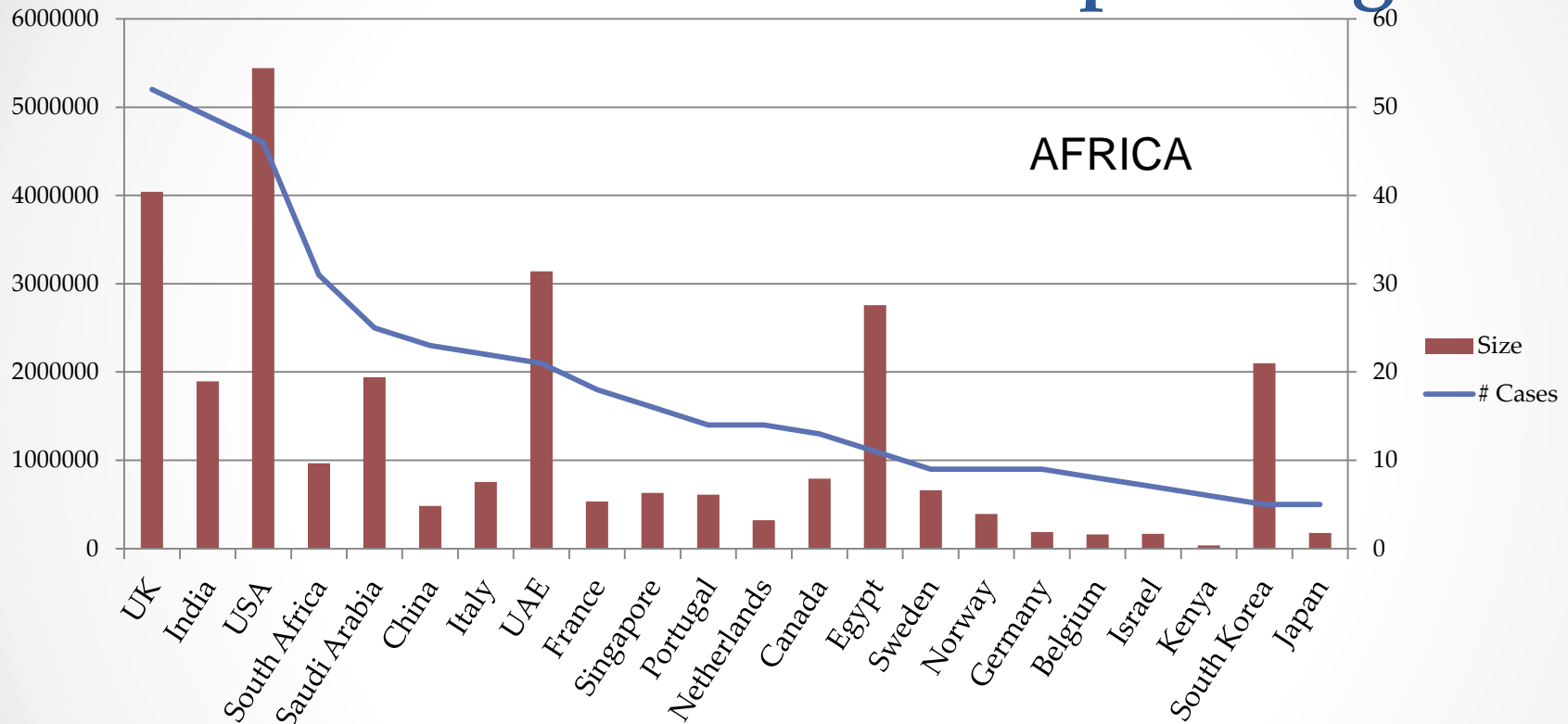
Commercial Pressure on Land Nile Basin



Commercial Pressure on Land Niger Basin

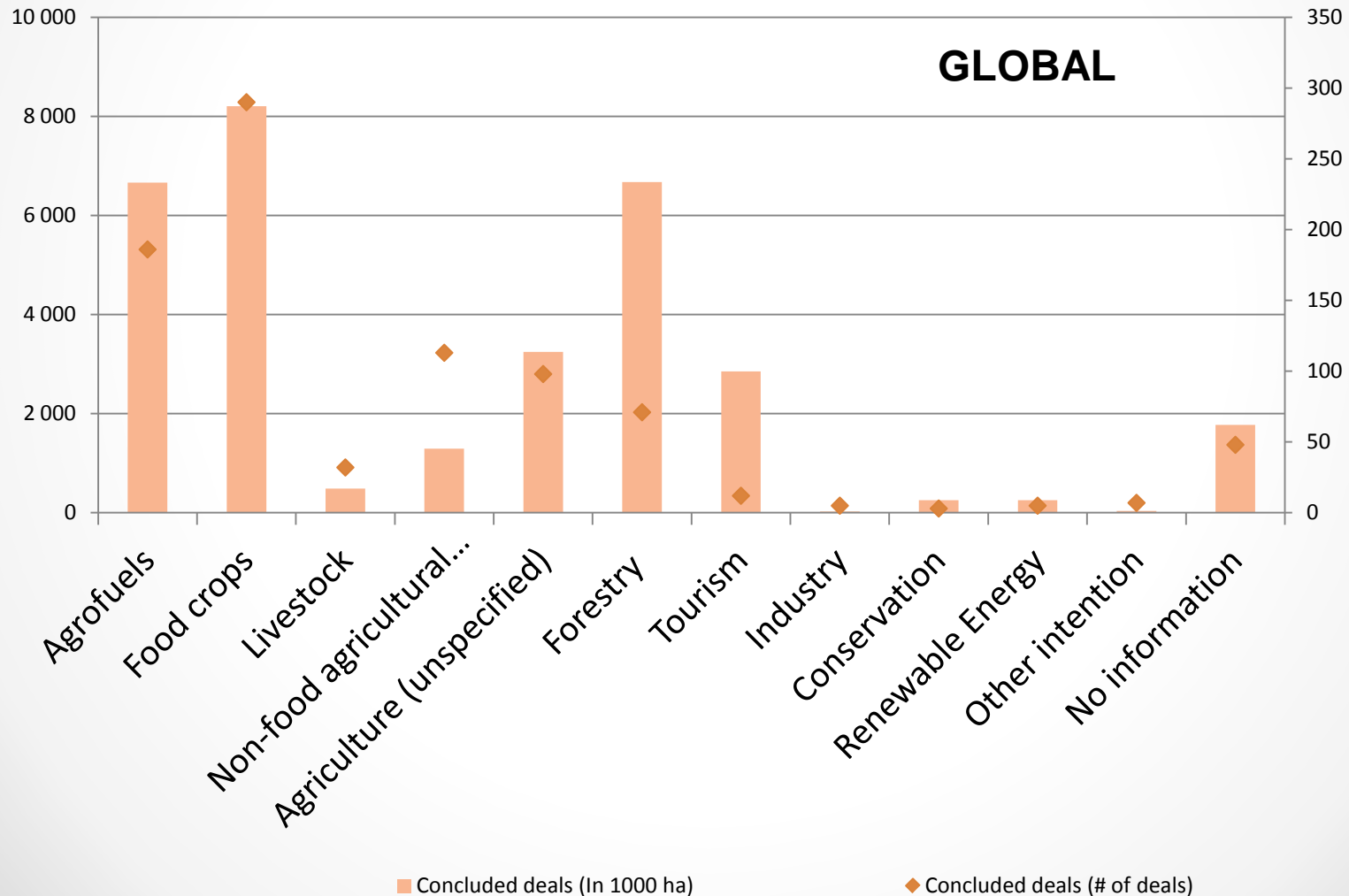


Western countries are still the main investors in Africa, Emerging and Middle Eastern countries are upcoming

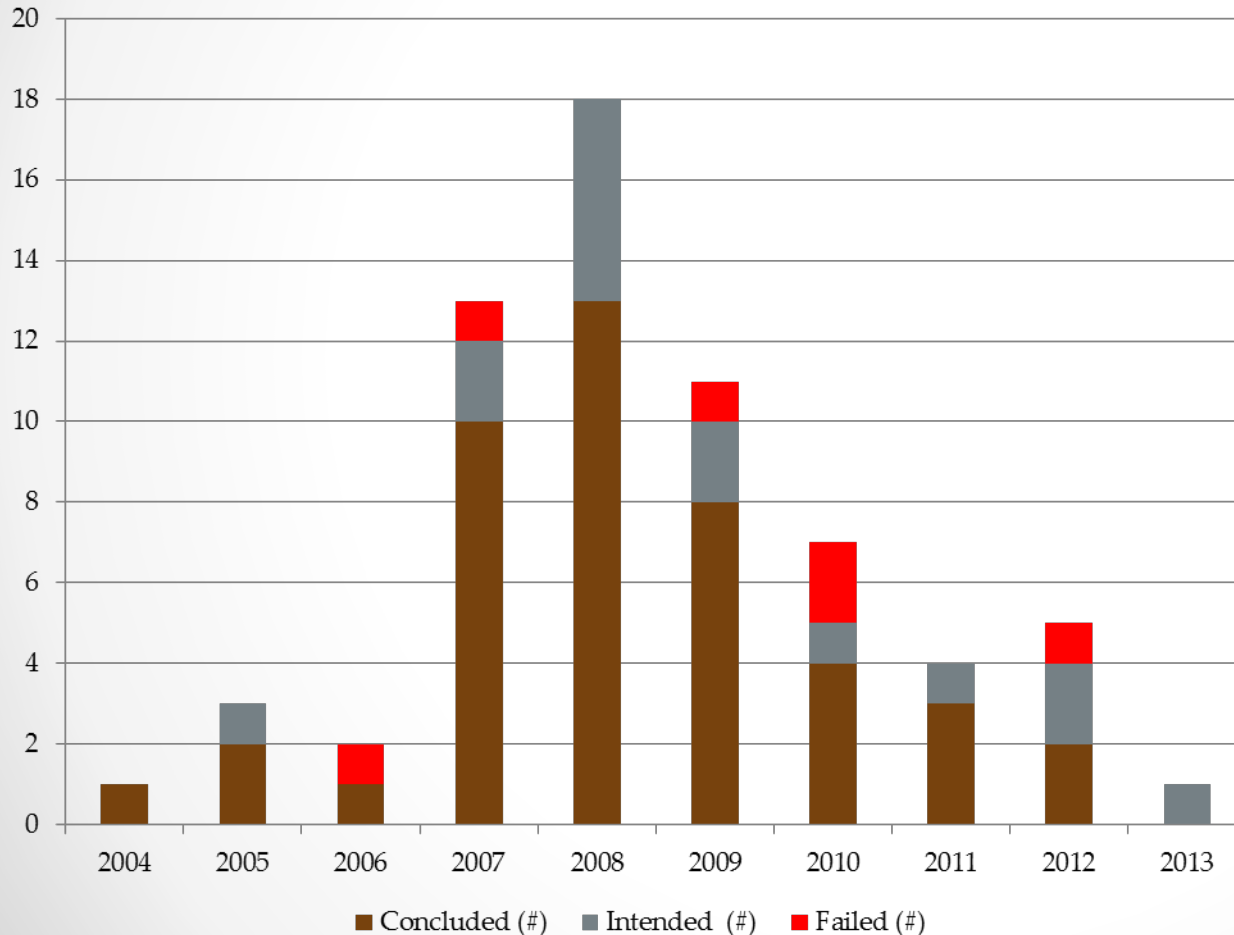


North	West	Central	East	Southern
Saudi Arabia	UK	USA	Egypt	South Korea
UAE	India	Malaysia	UAE	South Africa
South Africa	Italy	Canada	USA	UK
Japan	Liberia	Singapore	Jordan	Brazil
-	France	Belgium	Saudi Arabia	India

The rush for land is triggered by a wide range of drivers, food becoming a main driver



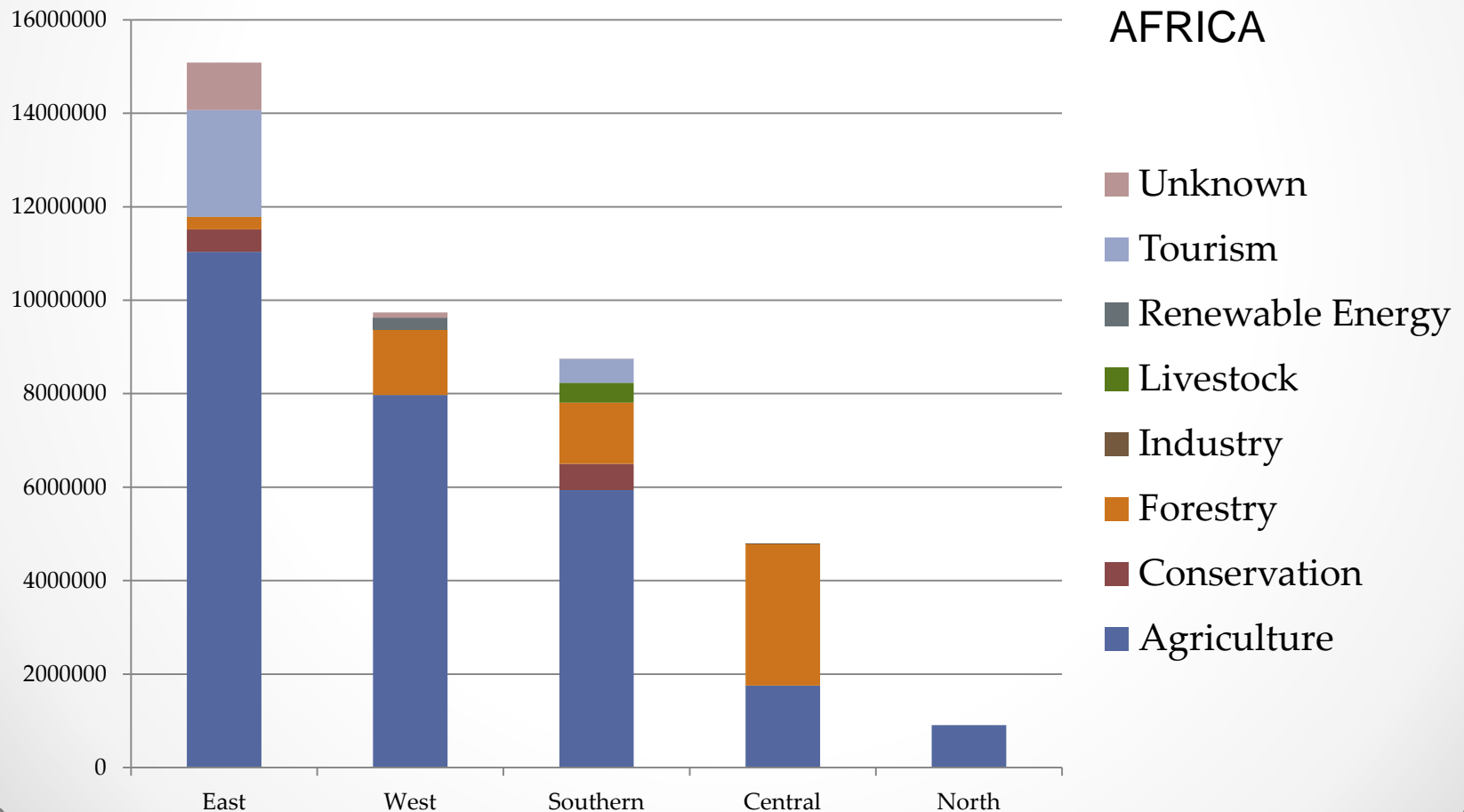
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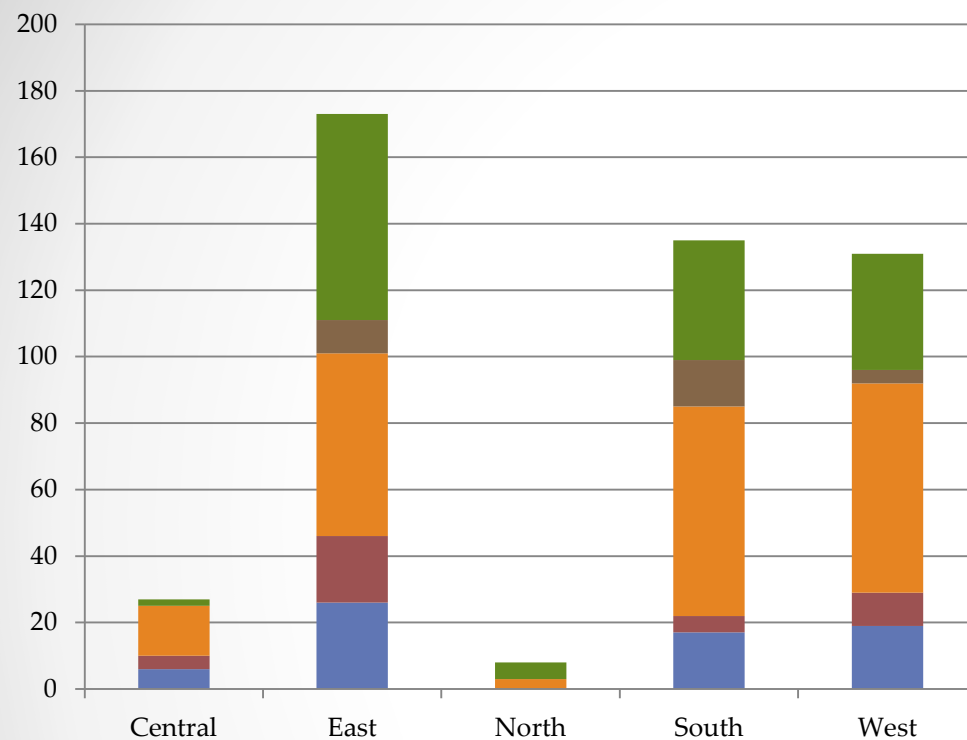
Jatropha hype for pure and mixed biofuel deals - Data as of 1 November, 2013

GLOBAL

The rush for land is triggered by a wide range of drivers, food becoming a main driver

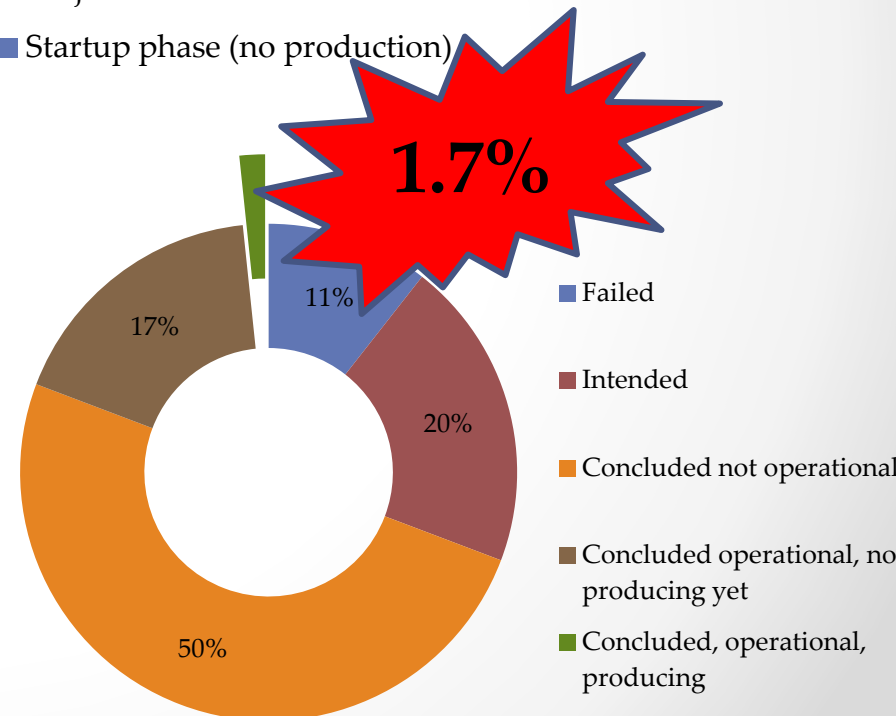


Little effective production



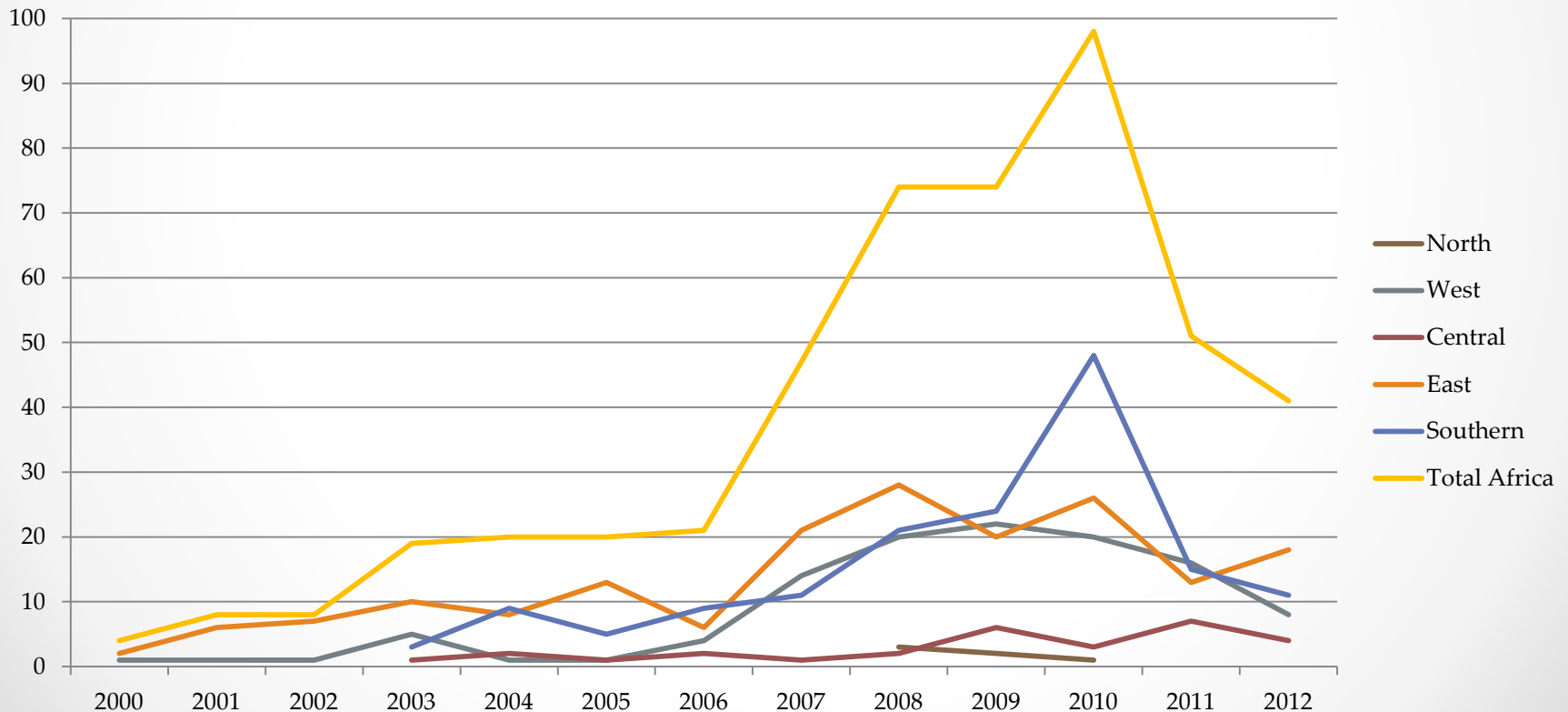
- Unknown
- Project abandoned
- In operation (production)
- Project not started
- Startup phase (no production)

AFRICA



Slowing down overall, but evidence of long-term trend of growing commercial interest in land

Reasons: Credit crunch, high failures, less media focus, civil awareness, countries are getting better preapred



LSLBI trends

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+115

+41

+24

**Implications, investment models
and agrarian change – Towards
new opportunities for Africa?**

Different LSLBI with different outcomes

Independent farmer model	Associative farmer model	Cooperative farmer model	Speculative 1000-day model	Asset management and Investment funds model	Nucleus estate model	Agribusiness Estate model

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High failures

- *Uncertain institutional environments and the difficulty of doing business*
- *Technicality of the projects*
- *The lack of markets*
- *Lack of financial services*
- *High settling and transaction costs*

New strategies 1

Independent farmer model	Associative farmer model	Cooperative farmer model	Speculative 1000-day model	Asset management and Investment funds model	Nucleus estate model	Agribusiness Estate model
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High failures



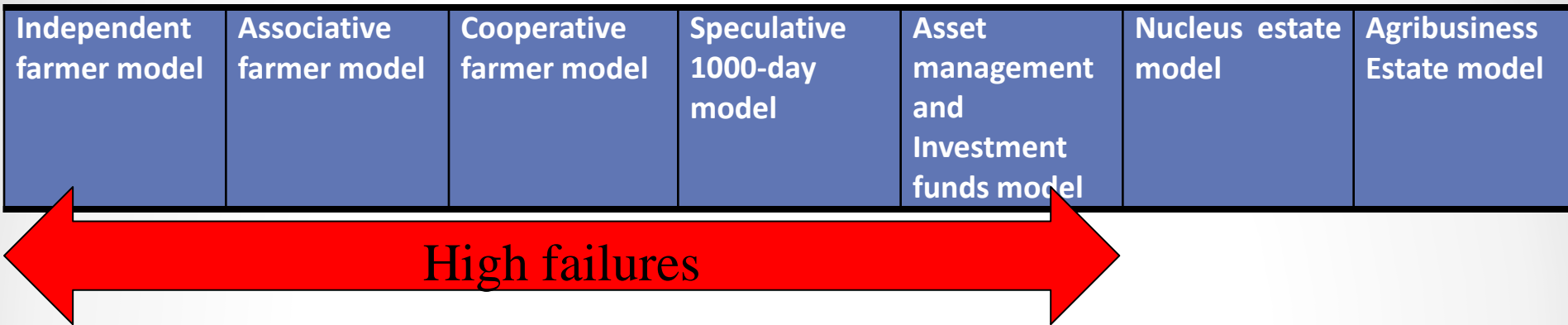
Increased integration

- *To overcome high risks related to settlement in less developed agrarian economies*
- *Focus on core business*



Few inclusive models

New strategies 2

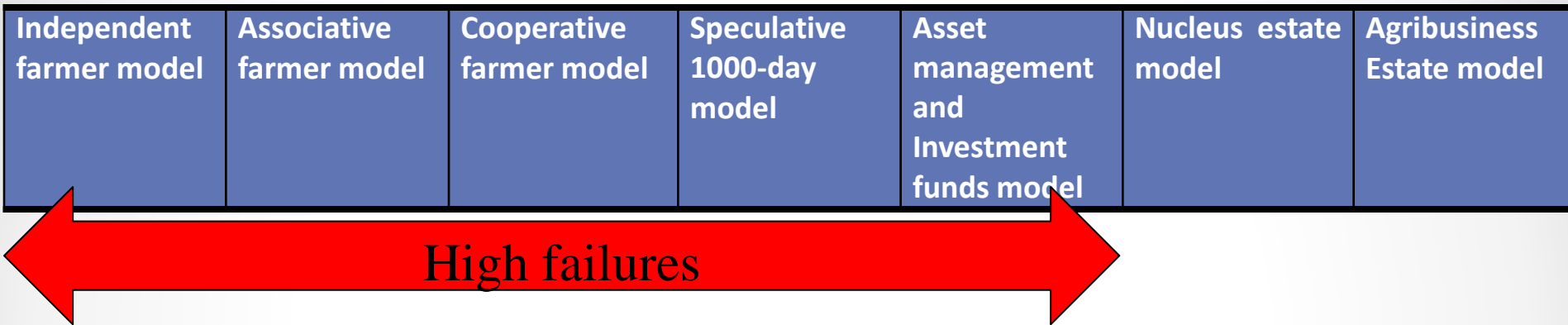


Less risky activities

- Increased focus on stable countries, with well-developed property rights
- Other investment strategies (equity)

Less visible but at least as important in terms of volume and impact on agrarian structures in host countries

New strategies 3



A more organised second generation of investments

- Going beyond individual settlements
- More coherent/structured support
 - Private sector (service providers, ...)
 - Governments (one stop shops, ...)
 - International community (VGs, RAIs, F&Gs)
- Broader agricultural environments are developing

Concluding thoughts

- A need for investment in African agriculture
- Agrarian change in Africa?
 - Yes - but slow
 - Very little # - With very few 'positive' results
 - For farmers/investors
 - For local populations/host countries
 - Far-going integration and closed value-chains
 - Corporization of agriculture
 - Concentration and dualization within the agricultural sector
- Change not always there where expected/announced, by the promoters of LSLBI
 - Lack of LT reflection on development trajectories
 - ◦ Need for more Inclusive Development

Thank you

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